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REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 3 OF RESOLUTION 1111 (1997)

I. INTRODUCTION

1. The present report is submitted to the Security Council pursuant to paragraph 3 of resolution 1111 (1997) of 4 June 1997, in which the Council requested the Secretary-General to report to it 90 days after the date of entry into force of paragraph 1 of the resolution 1111 (1997), by which the Council extended the provisions of resolution 986 (1995) for an additional 180 days. It provides information on the distribution of humanitarian supplies throughout Iraq, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. Since no humanitarian goods under the second phase of implementation of resolution 986 (1995) have reached Iraq yet, I expect to report on the implementation of the second phase prior to the end of the current 180-day period.

2. On 9 June 1997, the memorandum of understanding was further extended for a period of six months through an exchange of letters between the United Nations and the Government of Iraq. On 14 June 1997, United Nations officials initiated a process of intensive consultations with local counterparts in the three northern governorates to prepare inputs for the new distribution plan. The proposed plan for the three governorates was submitted to the Government of Iraq on 29 June 1997 and the annexes on 5 July 1997. On 21 July 1997, the Government of Iraq submitted its country-wide distribution plan to me. On the basis of issues raised by the United Nations, the Government of Iraq submitted the revised plan to me on 4 August 1997, and I approved it on the same day. Earlier the Government had given me assurances that the unmet needs of vulnerable groups in central and southern Iraq would be addressed outside the framework of resolution 986 (1995).

3. Mr. Staffan de Mistura successfully completed his assignment as United Nations Humanitarian Coordinator for Iraq at the end of August 1997. I have appointed Mr. Denis Halliday as the new United Nations Humanitarian Coordinator for Iraq effective 1 September 1997. Senior Secretariat officials have continued to brief the Security Council Committee established by resolution 661 (1990) of 6 August 1990 on a regular basis. Weekly reports are also being provided to the Committee by its secretariat. In addition, since last June, a

comprehensive fortnightly report on activities in Iraq related to the implementation of resolution 986 (1995) is being made available to the Committee by the Department of Humanitarian Affairs.

II. SALE OF PETROLEUM AND PETROLEUM PRODUCTS

4. Sale of petroleum resumed on 8 August 1997 following the submission of the pricing mechanisms by the Iraqi State Oil Marketing Organization for liftings of Iraqi crude oil in August and their approval by the Security Council Committee. The oil overseers have continued to advise the Committee on pricing mechanisms, contract approval and modifications, management of the 90-day revenue objective of US$ 1.07 billion (including the pipeline fee) and other pertinent questions relating to imports and monitoring of each export of petroleum originating in Iraq in accordance with resolutions 986 (1995) and 1111 (1997).

5. As of 31 August 1997, the overseers had reviewed and approved a total of 24 contracts involving purchasers from 14 countries. The total quantity of oil approved for export under those contracts corresponds to approximately 107.9 million barrels for the 180 days. In the first 90 days, 24 liftings, totalling 28.7 million barrels, with an estimated value of $456.2 million, have been completed. The first lifting took place on 15 August 1997 at Ceyhan, Turkey. About 62 per cent of the liftings have been made at Ceyhan. Owing to the delayed resumption in the sales of petroleum, it appears that the total revenue generated for the first 90-day period will be about $500 million below the 90-day objective of $1.07 billion (including the pipeline fee), if current prices remain unchanged.

6. With the intention of achieving the 1 billion dollar revenue objective for the first 90 days over a relatively short period, a tight schedule for liftings has been adopted by the Iraqi State Oil Marketing Organization. The overseers and the independent inspection agents (Saybolt) have worked closely to ensure the monitoring of the relevant oil installations as well as the liftings. They have received the full cooperation of the Iraqi and Turkish authorities. Based on the assessment of the overseers and the independent inspection agents (Saybolt), Iraq remains capable of exporting sufficient quantities of petroleum to meet the revenue target of $1 billion every 90 days.

III. PURCHASE AND CONFIRMATION OF ARRIVAL OF HUMANITARIAN SUPPLIES

7. As of 31 August 1997, a total of 786 applications for exports of humanitarian supplies to Iraq under resolution 986 (1995) had been submitted to the Security Council Committee, 67 had been approved, 83 were on hold, 20 were blocked, and 11 were pending under the "no-objection" procedure or awaiting clarification. As mentioned in my last report on the implementation of resolution 986 (1995) (S/1997/419), the Security Council Committee established by resolution 661 (1990) has adopted a number of measures with the aim of further facilitating a smoother process for the approval of contracts. These matters are covered in the report of the Committee of 27 August 1997 (S/1997/672).

8. The United Nations independent inspection agents (Lloyd's Register) continue to authenticate the arrival in Iraq of humanitarian goods at the entry points in Zakho, Trebil and Umm Qasr. In carrying out their functions, they receive the full cooperation of the Iraqi authorities. On 14 June 1997, the Government of Iraq submitted a request for the addition of a fourth point of entry at the border of Iraq and the Syrian Arab Republic for the import of goods under resolution 986 (1995). In response to that request, I authorized the dispatch of a technical mission to Iraq for the purpose of making an on-site survey of the proposed new entry point. Pursuant to paragraph 26 of the memorandum of understanding between the United Nations and the Government of Iraq on the implementation of resolution 986 (1995) (see S/1996/356) and based on the findings and recommendations of the technical mission, I approved, on 31 July 1997, the designation of Al-Walid at the border (facing Al-Tenf in the Syrian Arab Republic) as a new entry point. Preparations are currently under way for the deployment of 10 independent inspection agents to authenticate the arrival of humanitarian supplies at the new entry point.

IV. UNITED NATIONS IRAQ ACCOUNT

9. By its resolution 1111 (1997), the Security Council authorized the Government of Iraq to export petroleum and petroleum products for another period of 180 days, beginning 8 June 1997. However, oil sales did not commence until 8 August 1997. Between 11 and 31 August 1997, 31 letters of credit were confirmed by the Banque nationale de Paris pursuant to resolution 1111 (1997). The proceeds from these oil sales are expected to be approximately $574 million. Owing to the fact that there is a time lag of about a month between oil loading and the deposit of the related payments into the United Nations Iraq Account, funds from oil sales under the second phase of implementation of resolution 986 (1995) are not expected to be deposited in the Account before the middle of September 1997.

10. On 27 June 1997, the last deposits due from the first 180-day period were made to the Account. A total of 125 letters of credit were processed, bringing the total of proceeds to $2,149,806,395. As at 2 September 1997, the allocation of these funds and the corresponding expenditures were as follows:

(a) $1,066.9 million have been allotted for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of resolution 986 (1995). Letters of credit issued by the Banque nationale de Paris on behalf of the United Nations for the payment of those supplies for the whole of Iraq amounted to $1,052.5 million;

(b) $261.5 million have been allotted for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of the resolution. Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $131.6 million, of which bulk purchases made by the Government of Iraq for the three northern governorates amounted to $55.4 million;

(c) $603.5 million have been transferred directly to the United Nations Compensation Fund, as specified in paragraph 8 (c) of the resolution. Of that amount, $144.0 million have been allotted for the payment of the first instalment of "A" and "C" claims and $8.1 million for the operating expenses of the Compensation Commission;

(d) $44.6 million have been allotted for the operational and administrative expenses of the United Nations associated with implementation of resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $31.7 million;

(e) $15.1 million have been allotted to the United Nations Special Commission for its operating requirements, as specified in paragraph 8 (e) of the resolution. Expenditures for the Special Commission amounted to $11.1 million;

(f) $137.9 million have been set aside for the transportation costs of petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of the resolution and in line with procedures adopted by the Security Council Committee. Of this amount, $96.6 million have been disbursed and the balance of $41.3 million transferred to the United Nations Compensation Fund;

(g) $20.1 million have been transferred directly to the escrow account established pursuant to resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991 for the repayments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992, as specified in paragraph 8 (g) of resolution 986 (1995).

11. A total of 586 letters of credit for humanitarian goods have been issued pursuant to resolution 986 (1995). As at 31 August 1997, a total of $499,407,336 had been paid to suppliers under the terms of their letters of credit. At the same time, $597,996,848 was held as collateral to cover payments to suppliers whose letters of credit remained open.

12. Pursuant to paragraph 7 of resolution 986 (1995), the United Nations Iraq Account was audited by the United Nations Board of Auditors, both at Headquarters and in Baghdad in July 1997. The audit was initially scheduled for two weeks at Headquarters and two weeks in Baghdad, but was extended by another week at Headquarters. The Board of Auditors is scheduled to return to New York for two to three weeks in October 1997 to finalize its audit of the Account and to prepare the report on the financial statements covering the period from the establishment of the Account to 30 June 1997.

V. IMPLEMENTATION OF THE DISTRIBUTION PLAN

13. By the end of the first 180-day period, over 700,000 tons of food and related items had reached Iraq, accounting for some 29 per cent of the total allocation for these goods under the first distribution plan. As of 31 August, a cumulative total of 1,831,101 tons had reached Iraq, accounting for some

82 per cent of the total allocation, and 1,516,378 tons had been distributed to governorates. Applications for the 98 per cent of the amount allocated to this sector had been approved by 28 August 1997, and, according to the Ministry of Trade, the remainder is expected to have arrived by December. As of 31 August, available stock and deliveries due during the following month were expected to be sufficient to ensure a full distribution of most commodities in September. Annex I shows cumulative arrivals, distribution, current stock balance and ration scales used in the reporting period.

14. The workings of the food distribution system of the Government of Iraq were explained in detail in my last report to the Security Council prior to the end of the 180-day period (S/1997/419, paras. 17-19). Although there have been no major changes to the distribution system, in view of the comparatively large stock of infant formula built up through the arrival of the whole allocation under the first phase of implementation of resolution 986 (1995) within a space of 10 weeks, the Government of Iraq announced in mid-May that the parents of children born after May 1997 would be required to accept the infant formula, soap and detergent for their children rather than choose to receive adult rations. In August, United Nations observers reported that this change appears to have been increasingly enforced.

15. Owing to the delay in arrival of foodstuffs and related items, the Government of Iraq decided to supplement the food basket from its own stocks at the pre-resolution 986 (1995) scale in central and southern Iraq. As shown in annex I, full distribution under resolution 986 (1995) was achieved in August 1997.

16. As of 31 August 1997, medicines and medical supplies worth some 13.3 per cent of the approved contracts and 9.6 per cent of the total allocated under this sector had arrived in Iraq. As of 17 August, supplies worth some $17,369,615 had arrived in the country, and, as of 31 August, $14.9 million had been distributed to health facilities. Annex II gives the value of health supplies received, suitably categorized. The low volume of medical goods reaching Iraq, particularly at the early stages of the programme, was due to the fact that a large number of medical applications (65) have been on hold pending clarification of a variety of technical issues. As of 31 August, all but five holds had been lifted, bringing total approvals to $192,350,169 or 92 per cent of the total $210 million allocation. As the expected lead time is 8 to 10 weeks for medical supplies, it is hoped that 55 per cent of these commodities will reach Iraq within the next 90 days. These will include medical, paediatric, surgical and laboratory supplies.

17. So far, almost all of the medical supplies under resolution 986 (1995) have been imported through the Trebil entry point, with only one consignment worth $125,100 through Zakho. Goods are consigned to the Kimadia warehouses in Baghdad, and all medicines are subject to central quality assurance tests. After clearance has been given, medicines are allocated to directorates of health warehouses in the governorates according to criteria established and interpreted by a central drug committee. For general health supplies, these criteria include such factors as governorate population, number of hospital beds, areas of specialization, out-patient attendance, number of operations and laboratory investigations. Some medicines will be restricted to specialized

units (e.g. anti-cancer drugs), and medical and surgical items will be provided only to those hospitals that have the appropriate staff and facilities to utilize them effectively (e.g. cardiac centres). The Ministry of Health intends to retain 10 per cent of all general medical supplies as buffer stock at Kimadia warehouses in Baghdad to meet potential emergencies expected to be beyond the resources of any one governorate. However, supplies to the private sector are excluded. No individual governorate has established buffer stocks using supplies received under resolution 986 (1995). When governorate directorates of health receive allocations from Kimadia their own drug committee decides on the exact quantities to be allocated to public and private facilities within the governorate. A maximum of 35 per cent mark-up over the wholesale price is permitted by Kimadia, which is inclusive of all administrative, transport and storage costs. All pharmacies will be requested to store supplies received under resolution 986 (1995) separately from all other items, retain vouchers for at least a year and keep standardized records of receipt and issue.

18. At present, the public health care system comprises 113 hospitals, 898 health care centres and some 45 specialist facilities covering such disciplines as cardiovascular care, gynaecology, paediatrics, plastic surgery, limb prosthesis and mental health. Additional services are provided through public, health insurance and chronic illness clinics where patients pay for services and medicines at rates considerably lower than those levied by private medical practitioners. Also, throughout the 15 central and southern governorates, supplies received under resolution 986 (1995) will be sold at fixed prices through 2,243 private pharmacies. One industrial occupational health facility servicing 21 first aid stations has also been designated to receive supplies. The Ministry of Health has given assurances that it does not restrict treatment to company employees and their families. Central and governorate warehouses operate both manual records and a computerized record system provided by the World Health Organization (WHO) using "microdrug" software. Governorate directorates of health are responsible for the transportation of supplies from Kimadia to their own warehouses. However, hospitals are responsible both for the collection from governorate warehouses, and, in some cases for redistribution to health centres.

19. The status of implementation for the other sectors varies. In the water and sanitation sector, although the Security Council Committee has approved 16 applications worth $14,907,212, representing some 62 per cent of the total allocation for this sector, no supplies have arrived. Collection of the first supplies of chlorine gas for water purification is under way. The relevant Iraqi authorities have identified some 207 water projects and 41 associated installations which will receive supplies under resolution 986 (1995). In the agricultural sector, although the Committee has approved 42 applications worth $13,227,133, no supplies have arrived. This represents 55 per cent of the total $24 million allocation for this sector. Some of these supplies are expected to reach Iraq within the next three weeks. According to the Food and Agriculture Organization of the United Nations (FAO), the proposed import of agricultural equipment and spare parts for machinery is to meet the minimum needs of small farmers throughout the country to prevent further deterioration of the sector. Equipment and supplies will be distributed through the existing network run by the Ministry of Agriculture and State Agricultural Supplies Company throughout all 15 of the central and southern governorates. FAO warehouses will be used to

store aerial spraying equipment and agricultural chemicals. Under the first phase of implementation of resolution 986 (1995), $36 million was allocated in the electricity sector for essential repairs and maintenance of four thermal power stations and associated transmission/distribution lines. In this sector, out of 78 applications, the Committee has approved 49, worth over $20 million, representing some 56 per cent of the total allocation for the sector; however, no supplies have arrived. Some of these supplies are expected to reach Iraq from next month onwards. In the education sector, under the first phase, $12 million was allocated for essential repairs to school buildings and the provision of educational equipment and materials. The Government of Iraq has said that 2.25 million pupils in 2,250 schools in all 15 central and southern governorates would benefit from these inputs, and the Ministry of Education has now provided allocation plans for the educational sector. Although the Committee has approved two applications worth $2,999,000, representing some 25 per cent of the total allocation for this sector, no supplies have arrived. These supplies are expected to reach Iraq within the next five months, and therefore will not arrive in time for the start of the 1997/1998 school year.

Implementation of the distribution plan by the United Nations in the three northern governorates

20. Over the last two months, the pace of implementation has quickened, with deliveries of humanitarian supplies in the agriculture, education, food, nutrition, and water and sanitation sectors; in addition newly arrived United Nations agencies have completed their deployments. New programmes have been initiated with the arrival of bulk quantities of therapeutic milk for the United Nations Children's Fund (UNICEF), the distribution of pesticides by FAO, the arrival of school rehabilitation materials for the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the start of water and sanitation projects by the United Nations Centre for Human Settlements (Habitat) for internally displaced persons. This has demonstrated that the three northern governorates have received their share of resources under resolution 986 (1995) without hindrance by the Government of Iraq. Medical supplies have begun to arrive, albeit significantly later than originally anticipated. These have helped to allay the initial criticisms of the slow pace of implementation at all levels. Annex III shows the status of United Nations applications received and approved for the three northern governorates as at 31 August 1997.

21. The second distribution plan includes some sectoral adjustments in the northern governorates of Erbil, Sulaymaniyah and Dahuk. With respect to agriculture, an increase in allocation from about $20,200,000 to $26,000,000 will permit some increase in agricultural inputs, thereby lowering the cost of production and encouraging farmers to remain on the land. This in turn will contribute to the continued return and increased self-sufficiency of refugees and displaced persons, many of whom are experiencing additional hardships as a result of political upheavals and occasional fighting. Funds allocated to nutrition have also been increased from $5,000,000 to $9,900,000, increasing the proportion of currently malnourished women and children, particularly among the displaced, who can benefit from supplementary feeding.

22. There have been slight delays in the arrival of supplies authorized under resolution 986 (1995) as a result of continuing hostilities; according to the

Government of Iraq, the reduction in the pulse ration by half a kilo in July 1997 was directly due to shipment delays as a result of Turkish military action in northern Iraq. Distribution of the July food basket to some 53,000 persons in areas around the towns of Sarsink, Begova and Amadiyah was delayed for one week owing to hostilities in the region. UNICEF was similarly unable to distribute therapeutic milk to facilities in the area. While World Food Programme (WFP) observers were not able to reach these areas in July and August, they have confirmed that delivery of food by local transporters continued. However, United Nations staff have continued to seek advice from the United Nations Guard Contingent in Iraq before visiting the areas involved.

23. The United Nations Guard Contingent in Iraq has continued to protect United Nations personnel, assets and operations linked to the humanitarian programme in the three northern governorates. Its main activities include security patrolling, planning and preparedness, static protection of United Nations facilities, escorting relief convoys and operating a communications and a movement tracking facility. It also provides an emergency medical service. Contingent guards are provided by Member States, with equipment and operating costs funded entirely from voluntary contributions. In July 1997, a review mission led by the Department of Humanitarian Affairs of the Secretariat, with the participation of the Office of the United Nations Security Coordinator, confirmed a continued need for the United Nations Guard Contingent in Iraq at a reduced level of about 130 guards and recommended new vehicles and communications equipment, at an estimated annual cost of $8 million.

24. Under the first phase of implementation of resolution 986 (1995), the three northern governorates were allocated $122 million for food and related items. During June, July and August, some 130,578 tons of food, soap and detergent arrived at WFP-controlled warehouses in Kirkuk and Mawşil, compared with a total requirement of 152,805 tons. This represented goods worth some $46,391,225, 41.4 per cent of the total allocation. It is expected that most of the remainder will be received within the next 90 days. A total of 125,366 tons have been distributed to over 10,300 ration agents throughout the three northern governorates. Because of delays in the arrival of commodities authorized under resolution 986 (1995), it was only in August that the first full ration under the resolution was distributed to the population. Unlike in central and southern Iraq, where the Ministry of Trade distributed its own stocks at pre-resolution scales, such stocks were not available to offset resolution 986 (1995) shortfalls in the three northern governorates. During the period, the amount of food dispatched from WFP warehouses under resolution 986 (1995) rose from 7,000 to between 8,000 and 10,000 tons of food per week. In addition, WFP continued its existing supplementary feeding programme for vulnerable groups and assisted 328,000 people.

25. The outlines of the United Nations food allocation and distribution system in the three northern governorates has been explained in my last report, submitted to the Council prior to the end of the 180-day period (S/1997/419, paras. 23 and 24). There has been no change to this system, and every effort is being made to ensure efficient distribution. However, in August, WFP staff in Mawşil and Kirkuk had to standardize all bags of rice and pulses for onward distribution because some bags had suffered weight loss due to evaporation. Rebagging reduced the daily transhipment rate to 100 tons from the required

150 tons, and the distribution of rice and perhaps other commodities may spill over into September. Similarly, insufficient flour milling capacity in Kirkuk may lead to distribution delays in Sulaymaniyah.

26. Although responsibility for the registration of beneficiaries rests with local authorities, because of inadequate local infrastructure, WFP has continued to devote considerable effort to ensuring that all eligible persons are registered to receive food rations. Each month, WFP compares lists provided by local authorities with its own computerized database. Although some multiple registrations appear to have been deliberate attempts to obtain extra rations, most are attributed to families moving to other governorates and failing to cancel previous registrations. Even so, in Erbil governorate, WFP monthly registration cross-checks continue to reveal a higher than acceptable incidence of multiple registrations. WFP continues to urge more effective action by governorate authorities to enforce correct registration procedures. Nevertheless, the WFP-managed distribution system continues to function well and 100 per cent of available commodities were distributed in June and July. A total of 50,008 household spot checks by WFP in the same months revealed no incidences of beneficiaries not receiving rations.

27. Under the first phase of implementation of resolution 986 (1995), the three northern governorates have been allocated $28.8 million in medicines and medical supplies. As of 31 August, $0.9 million, representing 3 per cent of the total allocation, had been received by WHO and $0.6 million distributed to 29 hospitals and 341 public health care centres. The slow arrival of medical supplies authorized under resolution 986 (1995) has been a major concern throughout the three northern governorates. Donations from other sources have dried up, thus aggravating an already critical situation. With the limited resources available to them, the local authorities have sought to obtain essential items from other sources, and appeals have been made to possible donors. There has been timely collection of supplies by WHO from the Kimadia central warehouses and onward transportation to the medical warehouses in each of the three northern governorates. These facilities have been extensively renovated to provide suitable storage. All 29 hospitals and 400 primary health care centres have been designated to receive supplies authorized under resolution 986 (1995). Allocation criteria are comparable to those used by the Ministry of Health in central and southern Iraq. To date, the distribution has proceeded smoothly, and some facilities are already reporting an increase in patient attendance.

28. In the health sector, UNICEF has submitted five contracts for a total value of $3,608,573, and all contracts have been approved. As of 31 August, vaccines worth $134,000 had been received by UNICEF, representing 25 per cent of the allocated vaccines. Some of these will be used to immunize 510,000 children under the age of five against life-threatening diseases, commencing in early September 1997. The epidemiological surveillance system is being reactivated by WHO, which will use $300,000 allocated under the first phase of implementation of resolution 986 (1995) for support activities. It is therefore expected that there will be an improvement in the quality of health information collection which will also contribute effectively to disease control. Under the first phase, $10.4 million was allocated to medical repairs. WHO has placed orders worth $6.4 million for spare parts used in rehabilitating equipment at health

facilities in all three northern governorates, and some supplies have begun to arrive.

29. For the water and sanitation sector, $20.2 million was allocated under the first phase. UNICEF has submitted 31 contracts for a total value of $18,481,537, and all have been approved. The first UNICEF delivery of 340 tons of water and sanitation supplies arrived in August and will be used to construct 150 pump houses and 17 sewerage channels in urban and semi-urban areas. In rural areas, they will be utilized to make tap stands and reservoirs.

30. Under the first phase, in the nutrition sector, $1.3 million was allocated to UNICEF to implement a therapeutic feeding programme for the rehabilitation of malnourished children and to decrease the incidence of iodine deficiency disease and vitamin A disorders. The whole order of 100 tons of therapeutic milk powder has been received, and three months' supply (21.3 tons) has been distributed to 13 nutritional rehabilitation centres and 87 primary health care centres to benefit some 25,000 nutritionally vulnerable children. UNICEF has undertaken appropriate local staff training. United Nations observers have confirmed that these supplies are being stored and distributed appropriately and have sought improvements where necessary in the collection of nutrition survey data. In August, the Security Council Committee approved WFP applications totalling $3.6 million for a supplementary feeding programme targeted at malnourished children, pregnant and nursing mothers, internally displaced persons, returnees and refugees, as well as hospitals and social welfare institutions.

31. In the agriculture sector, $20.15 million was allocated under the first phase. As of 31 August, the Security Council Committee had approved agricultural inputs and supplies for a total value of $19,303,638, representing 95.7 per cent of the total. In mid-June 1997, inputs worth $3,050,115 arrived out of the first priority list, worth $7,480,390. Out of this, owing to seasonal cropping requirements, only pesticides, worth $785,253, were distributed through a summer plant protection campaign. Training was also provided for 162 agricultural plant protection technicians, who assisted some 19,000 beneficiaries. FAO expects that goods worth $11,692,688 from the second priority list, approved in May, will be needed for the forthcoming winter season. Most of the distribution is expected to commence in September in time for the inputs to be used during the optimum cropping season. Purchase orders for the second priority list of spare parts for machinery, fertilizers, seed drills, animal vaccines and fungicides, have been issued by FAO. Criteria used in distributing inputs include full participation by local authorities and communities, joint planning of pest and disease control campaigns and targeting and selection of beneficiaries based on proven need. Inputs such as spare parts, machinery and pesticides for non-endemic diseases will be sold to support further agricultural investment.

32. Under the first phase, $13.17 million was originally allocated for electricity in the energy sector. However, the overall electricity allocation was increased by transferring $10.1 million that had been set aside to purchase kerosene heating fuel for the winter of 1996/1997. The Security Council Committee has authorized 42 applications for the whole allocation through the United Nations Development Programme and the Department for Development Support and Management Services of the Secretariat. This will permit essential repairs

and maintenance to be undertaken at the hydro-power stations of Derbandikhan and Dokan and the related transmission and distribution network. The first equipment is due to arrive in October 1997. However, it should be noted that some components will require a significant manufacturing lead-time, and most major items are not expected to arrive until mid-1998. Additional electrical equipment and spare parts procurement, financed from the $10.1 million allocation, has now been approved. Some of the funds will also be used for assessing the condition of the two dams.

33. In the education sector, $15.15 million was allocated under the first phase. A total of $10 million has been allocated to UNICEF and $5.15 million to UNESCO. UNICEF has submitted 13 contracts for a total value of $9,348,131, and all contracts have been approved. As of 31 August 1997, UNICEF had received 125 tons of educational supplies, which will be used by UNESCO to manufacture 25,000 school desks. UNICEF is expecting the arrival in early September of bulk classroom supplies. These will be distributed to benefit children in all three northern governorates in time for the new school year. In addition, it is planned that 4.5 million textbooks and school and office records will be printed and 280 primary school facilities will have their water and sanitation facilities rehabilitated. Out of the $5.15 million allocation to UNESCO, 13 contracts were submitted to the Security Council Committee amounting to $3,123,825, all of which have been approved. The balance will be allocated to international procurement of school supplies and local procurement of construction materials. UNESCO has completed the rehabilitation of its warehouses and workshops. Supplies for the construction of schools and production of school desks have started arriving, and a chalk and blackboard production unit is now functioning.

34. The issue of internally displaced persons remains of concern to both the United Nations and local authorities. There are more than 500,000 internally displaced persons in the three northern governorates. Half were displaced prior to 1991, 150,000 between 1991 and 1995, 100,000 in 1996 and approximately 3,000 more in 1997. In 1994, 1995 and 1996, there were 7,200 returnees from the Islamic Republic of Iran; in the first seven months of 1997, 2,704 individuals returned. Under the first phase, $12 million was allocated to the United Nations Centre for Human Settlements (Habitat) for this sector. As of 31 August 1997, the Security Council Committee had approved applications totalling $3.6 million and implementation had started. Of 155 projects planned, 70 projects totalling $3,486,880 have been designed and formulated, and a timetable for execution in each governorate has been prepared. In August, implementation of the first Habitat sewerage project under resolution 986 (1995) began in Erbil and Dahuk. Three school projects in Dahuk and one road project in Erbil also commenced. Thirty-six projects are scheduled for completion by the end of 1997. In addition to the specific allocation for resettlement, internally displaced persons will benefit from the implementation of many projects in other sectors.

35. Under the first phase, $2.5 million was allocated for mine-related activities. The presence of mines in the three northern governorates, particularly in the governorate of Sulaymaniyah, was identified in my report of 2 June 1997 (S/1997/419) as a serious concern. After the importation of demining equipment, arrangements can proceed for the training and employment of

additional local deminers. This programme will increase the rate at which areas can be rendered safe for agriculture and resettlement. UNICEF is also proceeding with an expanded mine-awareness programme for over 100,000 women and children.

VI. OBSERVATION MECHANISM AND ACTIVITIES

36. The workings of the three tiers of observation were explained in my previous report to the Security Council (S/1997/419), mainly with regard to the food sector. Annex IV shows observation activity by United Nations observers during the reporting period. In the health sector, United Nations international observers routinely visited health facilities in all governorates, including the three northern governorates. Stock records at all levels have been checked and supplies verified. They also provided advice on aspects of supply management and gathered information on the status of equipment, transport, storage and water and electricity supplies. In addition, coverage was extended to private sector facilities. In accounting for supplies, discrepancies, if any, found during the visits, are clarified with staff, while general issues are raised with the Ministry of Health for action. Under the first phase of implementation of resolution 986 (1995), over 2,000 different medical items are to be imported. So far, MDOU has selected some 50 of the most expensive items for regular tracking through to the end-user. While WHO teams have until now covered all items, with the rapid increase in arrival of a greater number and variety of items, a random selection will have to be made to cover supplies to all levels of the health service.

37. In the sectors of nutrition, water and sanitation, education, electricity and agriculture, United Nations agencies are assessing the suitability of storage and distribution systems prior to the arrival of inputs under resolution 986 (1995). In cooperation with them, MDOU has designed preliminary observation mechanisms, including criteria and frequency of observation, as well as the tracking of non-consumable items, so that United Nations observers are able to report whether equipment and materials are installed, constructed or otherwise used according to prepared specifications. Brief outlines of these mechanisms have been made available to the Security Council Committee. In the agriculture sector, FAO has undertaken a detailed warehouse assessment programme to check the arrangements for storing and distributing supplies received under resolution 986 (1995). The 10 international observers from FAO will oversee the use of helicopters in the winter crop-spraying programme. In the water and sanitation sector, the nine international observers from UNICEF will assist in tracking 2,750 tons of chlorine gas to ensure that supplies are used in the designated plants and the gas cylinders returned on schedule to Turkey for refilling. In the electricity sector, United Nations observers have been given access to power supply data and some power plants, and prepared guidelines for reporting whether equipment ordered and received had been installed as authorized. The five international observers from UNESCO are completing preparations for observing the manufacture of educational materials, in cooperation with UNICEF.

38. In general, United Nations observers report that they continue to be granted ready access to facilities and records on request. They remain alert to any undue influence by escorts on the observation process, particularly with

regard to beneficiary interviews. So far, only a few instances, out of thousands of observation visits, have been reported to the Humanitarian Coordinator to bring to the attention of the relevant government authorities. Similarly, there have only been a few instances in which government authorities have complained about the pertinence of some questions by observers. These have been resolved to the satisfaction of the United Nations and the Government of Iraq. Despite occasional reluctance by escorts to visit a particular area, there has been no recorded instance where GOU observers have been denied access to any observation point. GOU observers reported a marked upsurge in hostile comment towards them following announcement by the Ministry of Trade of ration reductions in May/June. Although the level of resentment fluctuates, popular disappointment with the perceived slow pace of implementation of resolution 986 (1995), and, in particular, erratic food distribution, delays in the arrival of medicines and severe power cuts, continues to be voiced against the United Nations, and a growing number of beneficiaries decline to be interviewed. On six occasions, GOU observers withdrew or the number of observation visits were reduced in order to minimize potential confrontation.

VII. FINDINGS ON EFFICIENCY, EQUITABILITY AND ADEQUACY

Efficiency

39. In the food sector, United Nations observers have reported that once food arrives at any of the three entry points, dispatch and distribution is efficient. In the period covered by the present report, handling losses at Umm Qasr and warehouses have been within acceptable limits. However, ration agents complain that because of poor quality sacks, losses from pulses and rice are in excess of the 2 per cent transit allowance granted by the Ministry of Trade, forcing them to make good the shortfall themselves. At warehouses and at ration agents, commodities are normally stored in clean, separate conditions. However, flour production at mills has been disrupted by insufficient grain stocks, lack of spare parts, poor maintenance and cuts in power supply. As a result of the production difficulties experienced by mills, flour distribution was delayed in two governorates for a week in July. Equipment for food handling, valued at $30 million, was included in the first distribution plan. As of 31 August 1997, applications worth $6,735,619 had been approved for spare parts and equipment for milling, but many were not approved until recently, and it is doubtful whether they will be sufficient to redress the problems faced by the majority of mills.

40. Effective tracking of grain and flour production has been complicated by the delayed arrival of wheat grain, which has led the Ministry of Trade to shift stocks between silos in order to maintain production. This is compounded by the rapid processing rate, poor record-keeping at some mills and, sometimes, lack of timely information from the Ministry of Trade. Both WFP and GOU have brought the difficulty in accessing accurate data to the Ministry's attention to ensure that mill owners are reminded of their obligation to maintain adequate records. Mills that have persistently failed to meet standards have received sustained scrutiny from United Nations observers.

41. With regard to the quality of food commodities, of 879,026 tons of food that have arrived in Iraq only negligible quantities were found to be unacceptable and were, therefore, not distributed. Some quality problems were only identified after distribution had begun. In April 1997, 294 tons of infant formula were found by the Ministry of Trade to be unfit for human consumption, and these were recalled and replaced. However, during the reporting period, parents frequently complained that they had received infant formula inappropriate to the age of their child, forcing them to sell their allocation in order to purchase the correct article at higher prices on the open market. Ration agents and beneficiaries have sporadically complained about leaking tins and malodorous vegetable ghee, and persistently complained about poor quality pulses. However, United Nations observers found that complaints about types of tea and wheat only reflected consumer preference, not poor quality. Where the Ministry of Trade was able to blend these products no complaints were received.

42. Few complaints were noted against ration agents in the centre and south. WFP spot checks of 6,092 beneficiaries in June 1997 found that fewer than 1 per cent expressed any dissatisfaction with their agents. After receiving their allocations, almost all agents distributed rations within the specified 48 hours. Where necessary, Ministry of Trade escorts or governorate officials accompanying United Nations observers instructed ration agents to comply with proper regulations. In the three northern governorates, a larger number of anomalies, such as short measures, faulty scales and overcharging, were reported. Since WFP manages the warehouses and distribution in the three northern governorates, it has been able to observe ration agents more closely, visiting almost all agents in Erbil and Dahuk twice, and in Sulaymaniyah three times. Well-publicized removal of licences from 76 agents in Sulaymaniyah and 12 agents in Erbil has led to a drop in reported incidents of unacceptable practices. Also, following United Nations scrutiny of secondary transporters in Sulaymaniyah, only 1 per cent of ration agents complained that they had been overcharged in August compared with 5 to 10 per cent in May.

43. The erratic delivery of supplies led to inefficiencies in food distribution, affecting both ration agents and beneficiaries alike in May, June and July 1997. The Ministry of Trade released some of its own stocks to cover some but not all shortfalls. Ration agents had to make additional visits to governorate warehouses to collect their full allocations, increasing transport costs, and, of greater significance, the delay made it very difficult for beneficiaries to plan their diet. In some areas, the gap between distributions was as much as six weeks. As dependability of supply is very important to those with few supplementary resources, delays impact adversely on the poorest households.

44. In regard to medical supplies, to date, of $20.6 million delivered, no item has failed to meet specifications and only one is under re-examination. The average time taken by the Quality Control Laboratory to carry out tests on a particular batch of medicines has been 14 days. Where additional or special tests are required, this period may be extended up to 21 days, which is considered acceptable. Medicine and medical supplies worth $14.9 million were distributed to the governorates during the period, and, in general, were received by end-user facilities within 21 to 28 days of their release.

45. Records are maintained at all levels of the distribution system, which enables the full range of medicines and medical supplies to be traced through to the end-user. Although parallel computerized and manual records are maintained at central and governorate warehouses, in the hospitals and health care centres records are only kept manually, usually in ledger form. Normally, supplies received under resolution 986 (1995) are stored separately from other supplies and recorded in separate ledgers. Record-keeping standards and the availability of stationery for this vary between facilities. In instances where United Nations observers have requested improvements in record-keeping to enable supplies received under resolution 986 (1995) to be clearly identified, the facilities concerned have generally complied promptly. In a few instances, supplies have been distributed to facilities which cannot use them effectively. This is partly because erratic supply has prevented complementary equipment and materials from arriving together and partly due to inadequate information about the functional status of equipment or utilization rates for given materials. Conversely, faced with continuing shortages of basic drugs, doctors have felt compelled to use recent arrivals of advanced antibiotics intended for the treatment of chronic cases. The United Nations is focusing attention on all these issues and is urging that supplies be allocated only when they can be stored and utilized appropriately.

46. The lack of transportation has emerged as an unexpected impediment to the efficiency of distribution, as has the inadequate continuity of the cold chain for supplies requiring temperature control. Hospitals and health care centres not only lack functioning vehicles but also the funds to hire them. Because of the lack of sufficient transport, several facilities have been unable to collect urgently needed supplies until weeks after they were ready for collection. Regrettably, to date no solution has been found to this urgent problem. GOU observers have been given the task of gathering information on the state of health facilities, including the cold storage facilities. Kimadia has informed UNOHCI that, under the second phase of implementation of resolution 986 (1995), spare parts will be ordered for the repair of refrigeration units in the warehouses and hospitals. Furthermore, 42 refrigerated trucks have been included in the new orders.

Equitability

47. United Nations observers pay particularly close attention to all matters relating to the fairness of registration procedures and their implementation by central and local authorities. Through the cooperation of the Government of Iraq, United Nations observers have been able to follow up any apparent anomalies in the registration list. Internal displacements of population are carefully monitored by WFP, GOU and MDOU to ensure that all continue to receive benefits under resolution 986 (1995). Although no alleged instances of ration denial have been substantiated, United Nations observers have requested clarification from the Ministry of Trade concerning several issues, including the actual cost of registration, which has been cited by some interviewees as prohibitive. In the three northern governorates, WFP has secured the cooperation of local food departments in removing some 22,840 cases of double registration. Families newly arrived from Kirkuk or returnees from the Islamic Republic of Iran have been registered as quickly as possible.

48. Ministry of Trade allocations to governorates have been verified by weekly checks on warehouse stock levels. It has been consistently reported by observers that no governorate appears to have received less of a single commodity. Interviews conducted by WFP and GOU confirm that beneficiaries are receiving identical food rations. Where there have been delays in distributions, some areas have been temporarily disadvantaged; this is attributed by United Nations observers to logistical difficulties.

49. With regard to medicines and medical supplies, the criteria for equitable distribution vary according to the type of commodity and facility involved. Following discussions with the Ministry of Health, it was agreed that the same criteria would be applied to free medical samples donated by suppliers. Whenever free goods are provided, along with supplies to the private sector, these are distributed only to public health facilities. Whenever health supplies received under resolution 986 (1995) are sold through private sector pharmacies, equitable distribution requires uniform and transparent pricing that is not excessive in comparison with fees levied in public pharmacies, valid medical prescription and guarantees that the use of private sector pharmacies does not unduly disadvantage those who cannot afford to purchase the drugs they require. United Nations observers have reported that although medicines other than those received under resolution 986 (1995) are available in the private sector, many patients cannot afford them. Supplies will be distributed to public and private pharmacies at a ratio of 10 to 1. Where stocks are insufficient to supply both, public health facilities will receive priority. The Ministry has explained the pricing structure of sales of supplies received under resolution 986 (1995), and United Nations observers report that prices are reasonable. As of 31 August 1997, Kimadia held buffer stocks worth $1,353,709. No single item is more than 10 per cent of the total receipt. Such stocks are released for distribution when new stocks arrive.

50. United Nations observers confirm that, to date, Kimadia and directorates of health allocations appear to follow the above criteria. Because of a range of technical problems and the rate at which applications have been approved by the Security Council Committee, medical commodities have not reached Iraq in a coordinated or complementary manner, and most have been destined for hospitals and specialized facilities rather than primary health care centres. Therefore there has been relatively little distribution at the level of primary health care facilities to observe. Recently, a number of drugs were received which were exclusively distributed to private pharmacies, public health clinics and health insurance clinics. The Ministry of Health and Kimadia have confirmed that allocations are established by a committee and are based on the size of the population served by each facility.

Adequacy

51. Resources authorized under resolution 986 (1995) are intended to prevent a further deterioration in the situation and meet Iraq's essential humanitarian needs. To assess the adequacy of such resources, the United Nations needs to undertake surveys within the framework of the resolution and the memorandum of understanding. In the food sector, the Government of Iraq has now given permission for a nutritional survey to be conducted by UNICEF. It has not yet allowed WFP to undertake a household survey to measure the adequacy of the

ration because of concerns about its scope. Moreover, the Government of Iraq has yet to release data collected from 6,375 households in central and southern Iraq during the Multiple Cluster Indicator Survey in August 1996. Survey data for 2,175 households in the three northern governorates has enabled the United Nations to identify more clearly areas most in need of humanitarian inputs. One of the specific aims of the country-wide Survey was to provide baseline data against which the adequacy of inputs under resolution 986 (1995) could be measured, and it is therefore important that the results of the Survey be released promptly.

52. The FAO/WFP nutrition survey (9 June-8 July 1997) confirmed in general terms previous assessments by UNICEF that, notwithstanding improved food supply, child malnutrition remains serious and widespread, particularly in children under five years of age. It should be borne in mind that the full ration basket under resolution 986 (1995) was only distributed throughout the country in August 1997. The ration is designed to provide 2,030 calories and 47 grams of plant protein per person per day. The ration slightly increases energy, protein and nutrient values compared to the former government ration. In this respect, it is vital that the ration continue to be distributed at the full scale and that those who are most dependent on regular supply are not disadvantaged by repeated disruptions in distribution. According to WFP, prices of some basic food commodities dropped significantly upon the first arrival of goods under resolution 986 (1995). For example, in the central and southern governorates, the price of wheat flour has stabilized at one half the pre-resolution 986 (1995) level. In the north, the market price of wheat flour dropped even more sharply. The prices of other goods in the food basket have also dropped, but not significantly, and increased unpredictability in distributions has led to local price fluctuations.

53. Despite the increased pace and range of arrivals of medical supplies, it is still too early to comment authoritatively on the extent to which these have met essential needs. Standard indicators for determining adequacy, such as morbidity, cannot be applied until sufficient quantities have been distributed throughout the country. In respect of some items, it is clear that supplies are adequate for several months (X-ray film) or for the foreseeable future (drapken reagent), but these are exceptions, and other pharmaceuticals were exhausted almost immediately. United Nations observers have been informed by Iraqi medical staff that, in their facilities, supplies distributed to date have not been sufficient in either range or quantity to meet essential needs. Uncertainties concerning the arrival time for supplies make it difficult for facilities and their medical staff to plan and implement either the rational or equitable use of resources.

54. The non-arrival to date in the central and southern governorates of supplies for the water and sanitation, agricultural, education and electricity sectors again makes it impossible to comment from observation on the adequacy of those inputs. However, in the water and sanitation sector, MDOU and UNICEF expect an immediate, albeit limited, improvement in water quality to result from the distribution of water treatment chemicals. A more detailed assessment of adequacy will entail measurement of water quality, quantity and the incidence of water-borne disease. Domestic food production remains a very important element in underpinning Iraq's food security. Some inputs under the first phase of

implementation of resolution 986 (1995), such as seeds, insecticides, fungicides, herbicides and irrigation pipes, should arrive in time for the winter planting season. Nevertheless, according to MDOU and the Ministry of Agriculture, agricultural equipment, such as tractors, combine harvesters and irrigation pumps to be purchased under the first phase, will meet at most 25 per cent of urgent needs.

VIII. OBSERVATIONS

55. In my previous reports, I have highlighted the complexity of implementing resolution 986 (1995), which has a humanitarian objective, but with political and commercial dimensions. In recognition of the continuing humanitarian crisis in Iraq, the Security Council accepted my recommendation to renew the Programme for a further period of 180 days and adopted resolution 1111 (1997) on 4 June 1997. While not all the supplies from the first phase of the Programme have been delivered, the availability of additional revenues from the sale of oil authorized under resolution 1111 (1997) will help address the continuing humanitarian needs in Iraq. The decision by the Government of Iraq to suspend the sale of oil, pending the approval of the new distribution plan, is expected to result in a significant shortfall of funds since the target of $1 billion worth of oil sales cannot be met within the first 90 days. In view of the adverse consequences for the humanitarian programme and the United Nations capacity to carry out its observation and implementation responsibilities, the Council may wish to consider an appropriate mechanism for the shortfall to be met. Should there be a further renewal of the Programme, the Government and all concerned parties should ensure that no similar delays will occur.

56. I continue to be concerned about the adverse impact of delays in the arrival of humanitarian goods on those whom the resolution was designed to assist. Uncertainties in the arrival of food have caused difficulties, particularly for those with few supplementary resources. The delay in the delivery of inputs in the agricultural sector may well have adverse effects on food security for the population. In the health sector, medical staff have been unable to plan the efficient and rational use of inputs. Regrettably, United Nations personnel in Iraq have been the subject of criticism as a result of the delays in the arrival of food and medicine, although they clearly are not responsible for the situation. I would therefore urge all parties involved in the implementation of the resolution to devote renewed effort to ensuring that the processing, approval and delivery of humanitarian goods is carried out expeditiously. In order to minimize the technical difficulties encountered in the implementation of the first distribution plan, the United Nations and the Government of Iraq have worked together to ensure that the second plan is properly structured. In particular, I welcome the computerization of the extensive list of humanitarian goods by the Department of Humanitarian Affairs, in close collaboration with the Government of Iraq. This is expected to facilitate the submission and processing of contracts for humanitarian goods to be approved by the Security Council Committee established by resolution 661 (1990).

57. The regular reports being submitted by the United Nations Humanitarian Coordinator, United Nations agencies, United Nations oil overseers and United

Nations independent inspection agents (Saybolt and Lloyd's Register) confirm the continuing cooperation of the Government of Iraq and local authorities in the implementation of the programme. It is essential that this collaboration continue and that the United Nations personnel are able to carry out their functions with the full support of all parties. I would like to take this opportunity to express my appreciation for the outstanding leadership demonstrated by the outgoing United Nations Humanitarian Coordinator, Mr. Staffan de Mistura. I would also wish to commend the large number of United Nations personnel in Iraq for their dedication and commitment in implementing the programme under difficult circumstances. In this context, it is important that the Government continue to facilitate their work and that it address urgently the question of their private accommodation. United Nations volunteers currently serving in Iraq are providing excellent, as well as cost-effective, support for the Programme. The deployment of additional United Nations volunteers, requested by the United Nations agencies, is to be encouraged and I expect that the Government will address this matter promptly and favourably.

58. In my report to the Council of 2 June 1997, I expressed the hope that the needs of vulnerable groups identified by United Nations agencies would be included in the second distribution plan. After extensive consultations, the Minister for Foreign Affairs informed me that, since no additional resources had been authorized under resolution 1111 (1997), the needs of vulnerable groups would be met outside the framework of the resolution. I am glad to report that the United Nations has been creative in preparing the plan for the three northern governorates and was able to increase the resources for some key sectors through reallocations within the total amount of funds available. In approving the new distribution plan, I have informed the Government that the United Nations accepts the Government's assurances as a commitment that the necessary additional resources will be available for vulnerable groups in central and southern Iraq. I have also informed the Government that the United Nations will continue to observe the situation of such groups in the context of my responsibilities under resolutions 986 (1995) and 1111 (1997) to determine and report on the adequacy of resources to meet the humanitarian needs of the Iraqi population. I look forward to the full cooperation of the Government of Iraq in this area and I shall keep the Council informed on further developments.

Annex I

Food commodity arrivals, distribution and stock balances as at 31 August 1997 at the governorate level and ration scales implemented

Commodity	Cumulative arrivals	Quantity distributed	Stock balance available	Ration scales: Government of Iraq	Ration scales: Resolution 986 (1995)	Ration scales implemented[a]: June	July	August	September[b]
	(Tons)			(Kilograms)					
Vegetable ghee	88 943	87 471	1 472	0.75	1.00	986	986	986	986
Infant formula	6 137	2 813	3 324	1.80	2.70	986	986	986	986
Pulses	107 540	71 741	35 799	-	1.00	986	986[c]	986	986
Rice	182 622	155 942	26 680	1.25	2.50	GOI	986[d]	986	986
Salt	10 407	10 032	375	-	0.15	986	986	986	986
Sugar	103 665	88 769	14 869	0.50	2.00	GOI	986	986	986
Tea	7 252	6 588	634	0.10	0.15	GOI	986	986	986
Wheat	1 099 241	1 047 171	52 069	7.50	9.00	986	986	986	986
Toilet soap	25 496	22 085	3 411	0.15	0.25	986	986	986	986
Detergent	28 505	23 766	4 739	0.25	0.35	GOI	986	986	986
Total	1 659 808	1 516 378	143 102						

[a] GOI = Government of Iraq.
986 = Resolution 986 (1995).

[b] Ration scales for September are projected based on quantities of commodities on hand and expected arrivals.

[c] Ration level of pulses for the month of July was 0.50 kg instead of 1.00 kg.

[d] Ration level of rice for the month of July was 2.00 kg instead of 2.50 kg.

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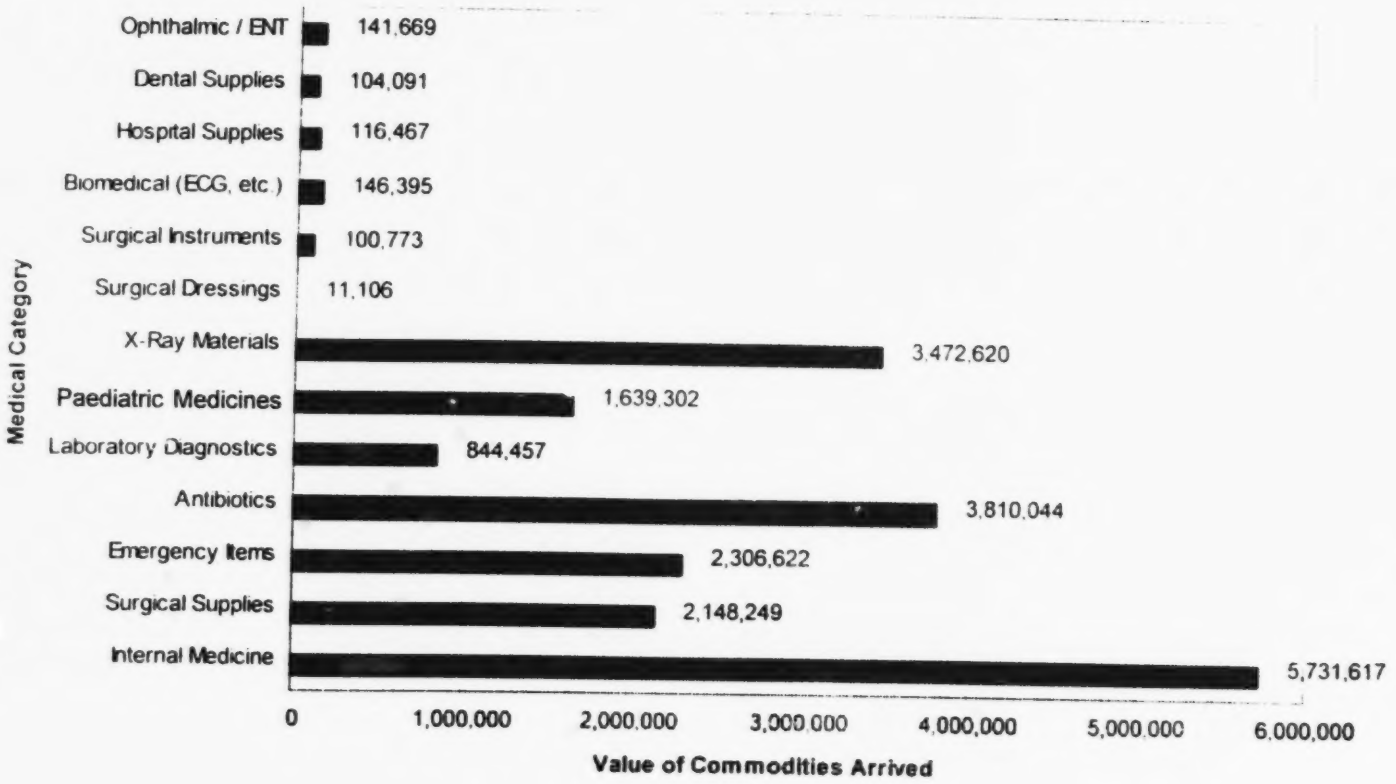
Annex II

Cumulative value of medical commodities received in Iraq by medical category

(United States dollars)



Annex III

Summary of United Nations applications received and approved for the three northern governorates as at 31 August 1997 (13 per cent account)

Sector	Amount allocated (Millions of United States dollars)	Applications received		Applications approved		Reimbursement for joint purchase (United States dollars)	Sector balance (United States dollars)
		No.	Value (United States dollars)	No.	Value (United States dollars)		
Agriculture	20.15	5	19 303 638	5	19 303 638	-	846 362
Education	15.15	26	12 471 956	26	12 471 956	-	2 678 044
Food	122.53	7	3 557 068	7	3 557 068	55 406 258	49 027 573
Energy	23.27	57	18 523 799	43	18 465 597	-	4 746 201
Medical	28.80	-	-	-	-	-	28 800 000
Water/sanitation	20.20	31	18 481 537	31	18 481 537	-	1 718 463
Health	10.10	129	9 998 807	129	9 998 807	-	101 193
Epidemiological survey	0.30	-	-	-	-	-	300 000
Demining	2.50	3	831 469	3	831 469	-	1 668 531
Resettlement	12.00	1	6 753 093	1	6 753 093	-	5 246 907
Nutrition	5.00	9	4 820 930	9	4 820 930	-	179 070
Totals	260.00	268	94 742 296	254	94 684 094	55 406 258	150 718 606

Annex IV

United Nations observations for food and medical commodities

Governorate	Food sector			Medical sector			Total observations		
	GOU	WFP	Total	GOU	WHO	Total	GOU	WFP	Total
Southern and Central									
Ninewa	852	194	1 046	72	21	93	924	215	1 139
Ta'mim	1 439	99	1 538	77	15	92	1 570	114	1 630
Baghdad	1 951	417	2 368	164	107	271	2 115	524	2 639
Salahuddin	897	108	1 005	52	26	78	949	134	1 083
Diyala	719	178	897	57	8	65	776	186	962
Anbar	783	147	930	68	21	89	851	168	1 019
Babil	712	269	981	55	16	71	767	285	1 052
Karbala	782	147	929	64	12	76	846	159	1 005
Najaf	562	156	718	81	12	93	643	168	811
Qadissiya	685	129	814	61	12	73	746	141	887
Muthanna	598	102	700	46	14	60	644	116	760
Basrah	1 129	147	1 276	59	32	91	1 188	179	1 367
Missan	1 328	63	1 391	44	16	60	1 372	79	1 451
Thi-Qar	766	104	870	47	10	57	813	114	927
Wasit	1 206	126	1 332	49	52	101	1 255	178	1 433
Subtotal	14 463	2 386	16 795	996	374	1 370	15 405	2 760	18 165
Northern									
Dohuk	25	50	75	0	21	21	25	71	96
Erbil	18	18	36	0	27	27	18	45	63
Suleimaniyah	7	48	55	0	15	15	7	63	70
Subtotal	50	116	166	0	63	63	50	179	229
Total	14 459	2 502	16 961	996	437	1 433	15 455	2 939	18 394